P-24

G.R.S. IX-5]

Previous references. 1924-5 File No. 22-24

J-T 19-23(Vol 10) (J.T.) Serial Nos. 1, 2.

Later references.

GENERAL AND REVENUE SECRETARIAT

Serial Nos. 2.

Part B for November 1924.

SUBJECT

Formulation of Certain remedies for redressing grievances of assessees to incometax—

J.l 2341 dated 1.11.24.

To The Commissioner of Incometax.

Passes orders on the Comm's Suggestion for redressing grievances of assessees to incometax.

Gs.

G. R S. 11] 1924

GENERAL AND REVENUE SECRETARIAT.

(Income Tax

NOTES.

File No. 22-24

FILE HEADING.

Formulation of certain remedies for redressing certain grievances of assessees to income tax.

From

The Comm of Income Tax in Mysore

No. 177 Dated 8.9.24 Received 8/9.9.24

Diary No. 950	Enclos. 1 ; Spare Copies. -	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Encloses a press cutting regarding the discussion in conference of I.T. grievances between the Comm^r of I.T. & the Chamber of Commerce in the Punjab & suggests some suitable remedies for correcting the existing unsatisfactory state of things -

NOTES AND ORDERS.

Subd. with a note for orders -

KN
16/9.

NOTES—First Sheet.

2 The Income-tax Regulation was promulgated into law in Mysore on the 17th June and came into force from 1st July 1920. To begin with, Government sanctioned the appointment of a special officer for a period of six months to attend to all preliminary work connected with the levy and collection of income-tax till the administration of the Regulation fell into well understood grooves. He was also invested with the powers of a --- commissioner under the Regulation.

3 Sub-division officers were appointed Collectors in their respective jurisdictions with respect to-- incomes up to Rs.8,000 and an officer of the grade of an Assistant Commissioner was appointed Collector for both the Bangalore and Mysore cities where the services of a whole-time officer were considered necessary; where the taxable income was above Rs.8,000 per annum, the Deputy Commissioners of Districts were appointed collectors --- and were invested with appellate powers over the sub-division officers under them in regard to incomes under Rs.8,000.

4 To cope with the work, the required establishment for the offices of the Special Officer, Special ---- Assistant Commissioner, Deputy Commissioners and Sub-division ~~office~~ collectors were also sanctioned and temporary inspectors were appointed for Bangalore and Mysore cities to investigate and report the incomes of assessees.

5 The Special Officer ~~appointed~~ worked as Commissioner for nearly six months and organised the Department by prescribing the rules under the Regulation (with the sanction of Government) the forms required and issuing instructions for the working of the Regulation by means of circulars, ~~and~~ The Excise Commissioner was appointed Commissioner of Income-tax in Mysore with effect from

from 24th December 1920.

Later on as experience was gained, qualified accountants were appointed for the Special collector's office for examining the accounts produced by the assessees. It was found expedient that a few officials should be trained in examining the accounts and a scheme of probationary accountants was sanctioned and an official duly qualified in accountancy was appointed Chief Auditor whose sole business was to train officials --- chosen as probationers and to examine accounts produced by the assessees. Much inconvenience was felt by not having an accountant who could examine Marvari and Guzerathi accounts and an official possessing a knowledge of these languages and who had some experience of ----- accounts was also appointed. His services have been extended to all Income-tax offices in the Province.

File 8.b.d. separately.

In August 1922, The Commissioner of Income-tax brought to the notice of Government that the income-tax work in the--- Districts was in need of improvement and suggested the entertainment of two additional inspectors for going round important business-centres to assist collectors in the investigation of cases for assessment. Government however were of opinion that the unsatisfactory--- nature of the work in the mofussils was due to want of training to the District Establishment and lack of proper supervision and guidance on the part of higher officers. They considered that the appeal work of the Income-tax Commissioner was so heavy as not to enable him to devote more time to the necessary inspection work-- of the Department. They therefore decided to appoint another officer to assist the Commissioner both in---- his appellate and inspection work. This they did by directing

(i) that the posts of the Special Collector for Bangalore and Mysore and the Chief Auditor be----

be abolished;

(ii) that in their place a Deputy Commissioner and an Assistant commissioner be appointed with jurisdiction over the cities and taluks of Bangalore and Mysore;

(iii) that the Assistant commissioner do assess incomes up to Rs.9000, and the Deputy Commissioner, all the higher incomes and hear appeals against the ~~decisions~~ decisions of the former;

(iv) that the Assistant Commissioner should also train the probationers and accountants to be employed in the Income-tax Department;

(v) that two additional Inspectors be entertained for one year to assist the Deputy Commissioner in Income-tax work in important towns; and

(vi) that a duly qualified accountant on Rs.50-5-70 and one clerk on Rs.30/- be appointed in the District offices in place of one clerk on Rs.50/-

8 On the representation of several members at the Representative Assembly and as a result of the Inspection of several Income-tax offices by the Dewan and the Members of Council, two accountants were temporarily deputed to the mofussil to examine the accounts of assessees and also to put the officials there in the way of checking the ---- accounts. The procedure adopted for working the Income-tax Regulation was examined and orders were issued as regards the methods of assessments, the hearing of cases and appeals and the examination of accounts.

9 With a view to keep up the efficiency of the Department, certain qualifications ~~have been~~ were prescribed for appointment to the posts of accountants, clerks and inspectors in the Department. A pamphlet embodying the principal features of the Incometax Regulation has been published and circulated for information among the members of the Representative Assembly and the Legislative Council.

The important matters concerning the Department now engaging the consideration of Government are:

(i) Training of accountants and clerks of the Department.

(ii) Preparation of an Accounts Manual.

10 The compilation of a Manual containing the Standing orders and circulars relating to the Department is also new on hand ~~under completion~~ and this is likely to be of great help to ~~the~~ assessing officers in their work.

11 In order to redress the grievances of the public in general, the following proposals are made by the Commissioner:

(i) Authorising him to consult Law officers on question of law, whenever he deems it necessary.

(ii) Empowering him to refer freely question of law to the Chief Court on his own motion under Section 66(1).

(iii) Holding of periodical conferences.

(iv) Making the Special Deputy Commissioner an Honorary Member of the Chamber of Commerce etc.,

(v) Appointing a reputed firm of accountants as advisers to the Commissioner in the matter of accounts.

1 – There seems to be no objection to (i). The Govt Advocate may be asked to advise the Court on all points referred to him by the D.J Court. As regards (ii) there is provision under Section 66(i) for the Commissioner to refer cases to the Chief Court at any stage of the proceedings, and he is quite free ~~but it does not seem necessary~~ to refer all cases involving ~~unless the~~ points of law ~~involved are very intricate.~~

Points (iii) and (iv) ~~may be approved~~ do not appear to be very helpful, nor ~~are~~ do they appear desirable.

Point V: There are no recognised firms of accountants in Mysore ~~City~~ advisers will have to be selected from outside, if the Comm's suggestion is approved. ~~It seems that~~ This does not appear however to be necessary. In ordinary matters, the------

the Commissioner, Deputy Commissioner of Income-tax and the Special Assistant Commissioner of Income-tax who has had ~~some~~ training in matters of accountancy should be able to decide. In ~~extraordinary~~ important matters of doubt & difficulty the --- Chief Court to whom such cases are referred will decide ~~which to give decisions~~ on them. The Chief Court will, of --- course, see what expert opinion ~~may be~~ it is necessary to ~~be~~ obtain ~~ed~~ to enable them to decide the points referred to ~~it~~ them.

KW
16/9.

13 In Connection with the Suggestion Contained in the last point, it Seems necessary to Consider the desirability of organising an efficient Staff of Auditors for the Income Tax Dept^t. In ~~Connection with the~~ assessing incomes from Business for purposes of the I.T. Rules, a Knowledge of the Commercial System of accounts is quite necessary and it is only those trained in the technique of accounts and of the I.T Law that may be expected to possess this Knowledge. With such a trained and qualified Staff of accountants on the regular Staff of the Dept^t Staff the need for Consulting any outside agency will not arise. There is already an Accounts Officer as Income Tax Officer. one or two more such Officers may be appointed for the Kolar & Mysore districts, the existing Officer ~~in Bangalore~~

G. R. S. III-2]

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General and Revenue Secretariat. | JT File No. 22 of 19 24

Serial No.

duties being restricted only to the City & suburbs of Bombay and to ~~the~~ other work of the Bombay Dist as may be considered of sufficient importance to specially appeal to them. If the suggestion is ~~considered~~ deemed worthy of consideration, proposals may be called for from the D-J Court and considered in consultation with the R Secy -

Rev Secy)

14 As regards the specific suggestions made by Commissioner, they are five in number.

As regards No 1- the Commissioner may obtain the opinion of the L. D. Secy through the Department Secretariat - Income Tax law is very complicated and it is desirable that Govt should be in direct touch with all matters relating to it -

No 2 - The advantages of frequent references to the Chief Court by the Commr sub-ordinate are not clear. If there is a point in dispute, the parties appear can certainly be taken up to the Chief Court - The Commr should accept the opinion of the Law Officers of Govt & take action accordingly -

mail 17-9-24

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Income tax is unpopular not because of the doubt that exists on points of law, but because of disagreements between the assessing officers and the assessees as regards the acceptance of the latter's accounts, method of delays &c. On points of law the parties know they can go up to the Chief Court & obtain remedy - but in the matters relief is more difficult & hence the agitation -

To Note may be appended -

17 As regards 5, it does not seem as if much good can be gained by the appointment of a form of accounts as advocated by the Commissioner. Neither does it seem to be desirable. Much of the present difficulty seems to be due to the disagreement between the assessing officers & the assessees as regards the accounts. & it has been urged that the former's ignorance of Commercial accounts is the cause. It is necessary that at least, in areas like Bangalore, Mysore, & K.G.F, the subordinate Income tax officers - men who have passed the S.D.A. and undergone practical training

NOTE—Conton. sheet.

G. R. S. III-2]

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DT File No. 22 of 1926

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to have one such Officer now in the Asst Comm's Office - but his attention is divided between Bangalore & Mysore. The suggestions made by the Asst say that the Asst Comm's duties may be confined to Bangalore City & Taluk, & to the work in Bangalore Dist; that similar Officers may be appointed for Mysore & Kolar Dists are worthy of consideration. This arrangement will consideably minimise the existing complaints of delay & lack of understanding of Commercial accounts by training Officers.

1st 17-9-1929

498/18.9 11 Members)

18 The chief complaints of the public against the Income Tax Dept. that people are arbitrarily assessed to income tax or the undue & sometimes interested powers of Subordinate officers and that in accounts produced by the assessees are rejected or modified arbitrarily & on slender unsatisfactory grounds. With regard to the

NOTE—Contn. sheet.

10

G. R. S. III 2]

WP 2310—GPB—10,000—31-5-24

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Serial No.

former, ~~under~~ now, have been already issued by Govt. in G.O. of 20th June 24 with regard to the general enquiries about the existing regulations of accounts of the assessees of the D.P. Wards. In the order referred to above, Directors. that the accounts produced by the assessees shall not be rejected unless there are good grounds where shall be placed on record to consider the accounts to be unreliable. Not. works of accomplishment. In addition to the instructions issued in the above mentioned order, it is ~~necessary~~ desirable that a ~~set of instructions~~ pamphlet should be issued by the Commissioner for the ~~information~~ and the assessees: containing instructions as to the form in which the accounts shall be maintained mentioning the defects noticed in the ~~maintenance~~ maintenance of the accounts of ~~the~~ Generally the assessees, and the precautions to be taken by them to ensure that their accounts are not rejected. This will go a great way to mitigate the hardship now felt by the IT assessees. The Commissioner, if undertake the preparation & issue a pamphlet as early as possible & get from the Government of India before the end of the year

NOTE—Contn. sheet.

11

G R S. III-2]

General and Revenue Secretariat. G. I. File No. 22 of 1914.

Serial No.

19 I shall now deal with the remarks & suggestions of the Commissioner in para 4 of his letter

(a) Diggers & domestic questions of law may, instead of being referred to the Law Member, be referred to the Commissioner for Local Self-Government who will consult the Law Officers & Commissioner before advising thereon.

(b) The law provides for the Commissioner referring questions of law to the Chief Court & to no other Court. Instructions for such reference will be issued.

(c), (d) There is no objection to the Commissioner & representative of the Chamber of Commerce or other members of the mercantile community & others from making to me their suggestions relating to the administration of the Commerce & Industries Department & I have made an invitation to the Chairman of Commerce. But for a certain representation & of the Chamber of Commerce & Industry

(e) I do not see any reason to suppress any form of accounts

NOTE—Contn. sheet.

2.10.1914

150 — 12

G.R. S. III-2.

General and Revenue Secretariat. | FT File No. 22 of 19 11

Serial No. 21

C 138

Subd. with a draft order as noted above

KW 11/10/24 2nd member)

mad 12/10/24

264/12.10

B The [illegible] Revenue)

[illegible]

12/10 [illegible]

[illegible]

mad 15/10/24

15/10

20 Revised [illegible] has been put up in accordance with personal instructions of Chief Secretary

20 Revenue)

21 II Chief)

mad 21/10/24

393/24.10

28 [illegible]

"To the Secretary to Government, Revenue Department"

Devan)

24/10

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Secy to State

30.10

30/10/24

3081

Five fill forms and copies

NOTE—Contn. sheets

FE 2341 of 1.11.24 to the Comm of F.T. passes orders on the Comm's suggestions for redressing the inco[illegible]

IN REPLY REFER TO
No. 177-28
ENCLO. One.

OFFICE OF THE COMMISSIONER OF INCOME-TAX
IN MYSORE,

Bangalore, 8th September *1924*,

Confidential & Urgent.

Dn. 950

J.T. 22-24-1

Dear Sir,

Formulation of certain remedies for redressing certain grievances of assessees to income-tax.

Press Cutting.

I enclose herewith a Press Cutting regarding the discussion in Conference of income-tax grievances between the Commissioner of Income Tax and the Chamber of Commerce in the Punjab.

Measures already taken.

2. It is, I believe, known to Government that there is at present no hearty co-operation between the officers of the Income Tax Department and the assessees in a large number of cases especially in the Cities of Bangalore and Mysore. This lack of harmony has resulted in an ever increasing number of appeals and revision petitions, the disposal of which by the Commissioner of Income Tax and by the Government involves the expenditure of disproportionate time and energy and further retards the prompt assessment and collection of the revenue. Among the measures recently adopted by Government to minimise appeals and revision petitions, the following may be mentioned.-

(a) The publication of a pamphlet showing the principal features of the Income Tax Regulation and their free distribution to Members of Representative Assembly and of the Legislative Council etc.

(b)

(b) The fixing of minimum qualifications for the posts of accountants and clerks in the Income Tax offices.

(c) The issue by Government and by the Commissioner of Income Tax of Circulars enjoining revised rules of procedure and equity in the assessment of income-tax.

(d) The training of a certain number of income-tax officials in the Special Deputy Commissioner's office.

(e) The appointment of a specially trained officer as Assistant Commissioner of Income Tax in Bangalore and Mysore Cities and Taluks.

(f) The appointment of a special Inspector of Income Tax for the inspection of Marwari & Guzerati accounts.

Measures under consideration.

3. Among the measures under consideration for training the officers of the Department and for minimizing inconveniences to the assessees, the following are worthy of mention.-

(a) The completion of an Income Tax Manual - Now in progress.

(b) Proposals for the systematic training of the accountants and clerks of the department.

(c) Preparation of a Manual for Accountants of the department.

(d) The strengthening of the establishment of the Commissioner's office in order to enable it to properly control and supervise the operations of the subordinate offices.

Additional measures now proposed.

4. As the Government are aware, representations of income-tax grievances frequently come up before the Representative Assembly and the Legislative Council and they are also constantly discussed in

in the Press. In order that these grievances may be minimised and promptly redressed, I propose the following remedies.

(a) Authorising the Commissioner to consult the Law Officers of Government on difficult and doubtful questions of law.

(b) Systematic use of the power vested in the Commissioner under Section 66(1) of the Income Tax Regulation to refer questions of law to the Chief Court in cases where the Commissioner of Income Tax and the Law Officers of Government differ.

(c) The holding of periodical conferences by the Commissioner of Income Tax (or the Government) with representatives of the Chamber of Commerce and other Industrial and Commercial Associations.

(d) Making the Special Deputy Commissioner of Income Tax an Honorary Member of the Chamber of Commerce and of any other important Commercial Association in Bangalore City and allowing him to bring income-tax questions of a general nature before the Associations concerned and vice versa.

(e) Taking special steps to bring about a gradual improvement in the keeping of accounts by the assessees and appointing, if and when found necessary, a reputed firm of Accountants as Advisers to the Commissioner for this and other purposes (especially for consulting in regard to the profit and loss accounts of Joint Stock Companies).

Conclusion.

5. That Section 66(1) of the Income Tax Regulation has not been sufficiently used by the Commissioner of Income Tax is clear from the fact that till last month no reference <u>suo motu</u> has been made by the Commissioner (or Government under the old Regulation) and that only five references - all at the instance o:

instance of parties - have been made till now. I attach much value to a legitimate and systematic use of Section 66(1) as this method provides a ready means of settling authoritatively disputed questions of law and of inspiring confidence in the assessees. The other proposals call for no special remarks. I do not ask that all my proposals should be adopted in their entirety; but I do ask that they should be taken into consideration and that some suitable remedies - which may differ from my proposals - should be devised for correcting the existing unsatisfactory state of things.

Yours sincerely,

8/8/24

K. V. Anantharaman, Esq., B.A.,
Secretary to the Government of Mysore,
Revenue Department, Bangalore.

THE INCOMETAX ACT.

PUNJAB COMPLAINTS.

COMMISSIONER INTERVIEWED.

(ASSOCIATED PRESS OF INDIA.)

DELHI, Sept. 4.

Members of the Punjab Chamber of Commerce met Mr. M. L. Darling, Commissioner of Income-tax, Punjab and North Western Frontier Provinces, at the office of the Chamber to discuss about certain complaints.

In opening the proceedings, Mr. P. Mukerji, president of the meeting, welcomed Mr. Darling and said that they had met to discuss about the complaints arising out of the working of the Indian Income-tax Act. The Act itself was not without its defects, the most glaring one being the lack of provision for carrying forward the business losses although such a provision exists in similar Acts in Great Britain and other countries. Proceeding, Mr. Mukerji observed that the consideration of the defects of the Act itself might be deferred to a future occasion and that he would confine himself to a discussion of the complaints arising out of the working of the Act.

FOUR COMPLAINTS.

He then classified the existing complaints into 4 heads, namely (1) leakage of business secrets (2) appointment of officers with insufficient training and knowledge in accountancy, (3) harassing tactics of Income-tax officers in calling forth voluminous sets of accounts unnecessarily and (4) refusal to accept admitted statement of accounts by certified auditors and initiated discussion on each subject seriatim. In regard to the leakage of business secrets, although no concrete cases were cited, Mr. Mukherji pointed out that the system in vogue in some Income-tax offices in scrutinising accounts of several assessees at a time in one room lends itself to possibilities of leakage and recommended that arrangements be made for suitable circles where each account should be scrutinized.

Mr. Darling assured the Committee that he had repeatedly reminded the Income-tax officers of their obligations in the matter of keeping everything strictly confidential and he promised that he would see that assessees and their accounts were always examined in separate rooms which however he believed to be the case at present.

INSUFFICIENTLY TRAINED STAFF.

The second point raised was the appointment of officers with insufficient training and insufficient knowledge in Accountancy and the Chamber recommended that appointments be made after a suitable test and that examination be inaugurated particularly dealing with candidates' knowledge of Accountancy and Book-Keeping as practised in various vrenaculars; and appoint ments to hold the charge of an office should be preceded by practical training for a period of not less than three years. Mr. Darling explained the measures adopted by the department to secure the services of suitable men and assured the Chamber that there was no part of his work to which he has given more careful and anxious attention. He was handicapped at the outset at the comparative youth and inexperience of most of his staff, a number of whom had perforce to be put in charge of circles without any training. All Income-tax officers, Mr. Darling observed, except the more senior men, were required to pass a departmental examination in Book-Keeping and Vernacular accounts in the application of the Act. As a result of this and of the experience gained in the past three years the income-tax officers are now in a far better position than they were before.

HARASSING TACTICS.

As regards the complaint of the Chamber in the matter of the harassing tactics of the officers and refusal to accept audited statements of accounts, Mr. Darling observed that audited accounts were generally accepted by his

to those in vogue in Bengal or Bombay. These reservations are based upon an inherent difference in the definitions of the term 'profit' for the purpose of income-tax assessment and for the purpose of the Indian Companies Act.

NO REVENUE AT EXPENSE OF PRINCIPLE.

In conclusion, Mr. Darling stated that in the Punjab the whole income-tax administration has been handed over unavoidably to an inexperienced staff collected at short notice. Mistakes had consequently been inevitable, particularly as a large percentage of assessments were arrived at by guessing when assessees failed to submit income returns or produce account books.

Finally Mr. Darling assured the meeting that fair assessment is the sole object of himself and his staff and he doubted whether there was now a single Income tax officer who sought to secure revenue at the expense of this principle.

Mr. Mukherji thanked Mr. Darling and brought the proceedings of the evening to a close.

A correspondent writes:—A Secondary School by name "National Secondary School," has been newly started at Nidamangalam by the Managers of local Elementary Schools on 3-9-24. Mr. T. S. Vaidyanatha Iyer B.A., L.T., is the headmaster of the School.

G.R..S VI G 34]

S.O.

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, the 192

Date of issue 1.11.24

Signed by. Sm. M. A. Rajagopal

May this be

i Printed ?

ii treated as a standing order ? } Yes 30/11

iii published in the Gazette, English Part ?

iv translated ?

v placed at the disposal of the press ?

vi published in the Gazette, Kannada Part ?

42

Section IT

File No. 20-24

Serial No. 2

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read—

G.O. no. Fl 5996-8005 d/. G.T. 35-23-5 & 28th April 1924 issuing orders regarding the procedure adopted for working the Income Tax Regulation.

2. Letter no: C-1778 & 8th Septr 1924 from the Comptr of Income Tax in Mysore reviewing the several measures so far adopted to improve the working of the I.T. Regn & to obviate the grievances brought to the notice of Govt and ...taken

Order Thereon No.

suggesting certain further measures calculated to achieve the same purpose.

Order: G.I. 2341

After reviewing the measures adopted so far to redress the grievances brought to the notice of Govt. from time to time, the Comm^r proposes the adoption of observes that the following further measures may be taken to expunge the grievances that still exist:

(i) That the Comm^r may be authorised to consult the Law officers of Govt. on difficult & doubtful questions of law

(ii) That the Comm^r should systematically use the powers vested in him to refer questions of law to the Chief Court in cases where he & the Law officers differ;

(iii) That the Comm^r may hold once in periodical conferences with the representatives of Commercial associations;

(iv) That the Dy. Comm^r of Income Tax for the cities & taluks of Bangalore & Mysore may the

List of enclosures.

Copied by

Examined by

WD 1883—GPB—1,000,00—21-12-01

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

made an Hon'ble Member of the Chamber of Commerce so that he may discuss and allowed to bring income tax questions of a general nature with the members the Chamber before the ~~Committee~~ Committee.

(v) That Special steps may be taken to bring about a gradual improvement in the keeping of accounts by the assessees and the appointment of a reputed firm of accountants as advisers.

2nd Govt. desire to observe that the complaints against the I.T. Deptt are that people are arbitrarily assessed to income tax on the imperfect & incorrect reports of the subordinate officers and that the accounts properly the assessees are often rejected arbitrarily or on inadequate grounds in regard to these matters. Govt. have taken ~~in~~ to ~~the~~ passed necessary

WD. 2230—GPB—1,00,000—23-7-20

rders in G.O. No. 771 S. 926-605/ E

S.T. 35-23; 58, 28:4:28 referred

to above

3. As regards the Specific suggestions made by the Comm. S.T. Govt. an "plans to consider that as follows:

i) difficult & doubtful questions of law on which the Comm desires to have the opinions of the Law officers of Govt, may, instead of being referred by him directly to these officers as proposed by him, be submitted to Govt who will communicate their orders thereon in consultation with the law officers if necessary;

ii) As the law provides for the Comm referring questions of law to the Chief Court, it is unnecessary for Govt to empower him in this respect. Govt may direct that instead of this power being used, cases for such reference will be sent to the Chief Court.

Govt may direct that in criminal matters the Comm shall refer questions of law to the Ch. Court whether or not the accused in criminal matters and when he is represented by a pleader to the Chief Court. Govt may

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

Continuation sheet draft form.)

(iii) ~~That~~ There is no objection to the Govt of T. T holding conferences with representatives of the Chamber of Commerce or with members of the mercantile concerns & discussing with them questions relating to the administration of the D.T. Rules;

(iv) ~~That~~ For the Dy. Comm^r of D.T for the cities & taluks of Bangalore & Mysore ~~may be~~ being appointed an Hon: member of the Chamber of Commerce, if the chamber so desire it;

(v) ~~That~~ Govt do not consider ~~it necessary~~ that there is any need for the proposed appointment of any firm of accountants as advisers to the Deptt in matters of accounts.

do. Govt. ~~consider it also desirable~~ feel that it will be useful to issue a pamphlet mentioning the defects now generally noticed in the accounts produced and the precautions to be observed

WD 2230—GPB—1,00,000—28-7-20

~~to be~~ ~~by the Commrs~~ (ii)
to ensure their acceptance of ~~this account~~ by the Deptt, and containing instructions as to the form in which they should be maintained, ~~should be~~ published by the Comm for the information & guidance of the public. The Comm is therefore requested to undertake the preparation of such a pamphlet and ~~to submit~~ a draft thereof for approval as early as possible.

~~Secy~~ Secy Board,
Rev Deptt

To.

The Comm of Income Tax

S. O.

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. Fl. 2341—I. T. 24-24-2, dated 1st November 1924.

Grievances of Income-tax Assessees.

Passes orders on the suggestions of the Commissioner of Income tax for re-dressing the ——

READ—

Government Order No. Fl. 5996-6005—I. T. 35-23-5, dated 28th April 1924, issuing orders in regard to the procedure adopted for working the Income-tax Regulation.

2. Letter No. C. 177, dated 8th September 1924, from the Commissioner of Income-tax in Mysore reviewing the several measures so far adopted to improve the working of the Income-tax Regulation and to obviate the grievances brought to the notice of Government and suggesting certain further measures calculated to achieve the same purpose.

ORDER NO. FL. 2341—I. T. 24-24-2, DATED 1ST NOVEMBER 1924.

After reviewing the measures adopted so far to redress the grievances brought to the notice of Government from time to time, the Commissioner proposes the adoption of the following further measures to remove the inconveniences that still exist:—

(i) Consultation of the Law Officers of Government by the Commissioner on difficult and doubtful questions of law;

(ii) The systematic use by the Commissioner of the power vested in him to refer questions of law to the Chief Court in cases where he and the Law Officers differ;

(iii) The holding of periodical conferences by the Commissioner with the representatives of the commercial association;

(iv) The appointment of the Deputy Commissioner of Income-tax for the cities and taluks of Bangalore and Mysore as honorary member of the Chamber of Commerce so that he may discuss income-tax questions of a general nature with the members of the Chamber;

(v) The appointment of a reputed firm of accountants as advisers to Government with a view to take steps to bring about a gradual improvement in the keeping of accounts by the assessees.

2. Government desire to observe that the complaints most often made against the Income-tax Department are that people are arbitrarily assessed to income-tax on the imperfect and incorrect reports of the subordinate officers and that the accounts produced by the assessees are often rejected arbitrarily or on inadequate grounds. In regard to these matters, Government have already passed necessary orders in Government Order No. Fl. 5996-6005—I. T. 35-23-5, dated 28th April 1924, referred to above.

3. As regards the specific suggestions now made by the Commissioner of Income-tax, Government are pleased to direct as follows:—

(i) Difficult and doubtful questions of law on which the Commissioner desires to have the opinion of the Law Officers of Government may, instead of being referred by him direct to these officers as proposed by him, be submitted to Government who will communicate their orders thereon in consultation with the Law Officers if necessary;

(ii) Though the law provides for the Commissioner referring questions of law to the Chief Court, Government desire that reference to the Chief Court should not be made indiscriminately and unless there is a real necessity and justification for it;

(iii) There is no objection to the Commissioner of Income-tax holding conferences with representatives of the Chamber of Commerce or with members of mercantile concerns and in discussing with them questions relating to the administration of the Income-tax Regulation;

(iv) Government have no objection to the Deputy Commissioner of Income tax for the cities and taluks of Bangalore and Mysore being appointed an honorary member of the Chamber of Commerce, if the Chamber desire it;

(v) Government do not consider that there is any need for the proposed appointment of any firm of accountants as advisers to the Department in matters of accounts.

4. Government feel that it will be useful if a pamphlet mentioning the defects now generally noticed in the accounts produced by assessees and the precautions to be observed to ensure their acceptance by the department and also containing instructions as to the form in which they should be maintained is published by the Commissioner for the information and guidance of the public. The Commissioner is therefore requested to undertake the preparation of such a pamphlet and submit a draft thereof for the approval of Government as early as possible.

K. V. ANANTARAMAN,
Secretary to Government,
Revenue Department.

To—The Commissioner of Income-tax in Mysore.

Exd.—K. K.

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